



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangerter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

December 11, 1992

CERTIFIED RETURN RECEIPT P 074 978 861

Mr. Anthony Peck
76 South 100 East
Lehi, Utah 84043

Dear Mr. Peck:

Re: Transfer of Nephi Gypsum Mine Permit, M/023/011, Juab County, Utah

Tom Peck of Thomas J. Peck and Sons, approved operator of the Nephi Gypsum mine, has requested that the mine permit be formally transferred to the current operator of the mine operation. On the enclosed Permit Transfer form, Mr. Peck has indicated the current operator to be Robert Steele and/or Jack Dansie, with your name listed as the authorized representative for the operator.

Please find the original permit transfer document enclosed. It must be signed by the authorized officer/agent of the company or corporation now responsible for the mining and reclamation of the site. The signature needs to be notarized. Please pay particular attention to section 3(c) of the transfer form. It is important that a detailed legal description (to the quarter-quarter section) be attached, and an accurate disturbed area map reflecting the actual disturbance at the time of formal permit transfer.

Also enclosed is a copy of our Reclamation Contract (Form MR-RC). This form must be completed and signed by the new operator's authorized officer/agent. We have attempted to fill in certain sections of the form for you. If any sections are in error, please provide appropriate corrections. Anywhere you see an asterisk on the form, please provide the requested information. Also attached is a guideline to assist you in completing this form.

Since you have provided the Division with an updated \$17,900 surety, the Division assumes you will be designated the new operator. If this is not the case, please indicate on the Reclamation Contract form, the name of the new operator and have the

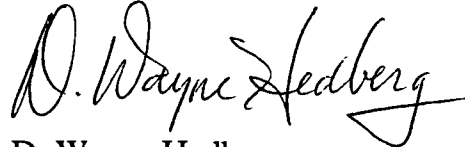
Page 2
Mr. Anthony Peck
M/023/011
December 11, 1992

appropriate person sign it. If you will not become the designated officer, then your name should appear on the contract as one of the Operator's Officers (see page 2 of Form MR-RC).

We would like to present the amount and form of the revised reclamation surety and the Reclamation Contract to the Board of Oil, Gas and Mining during their January hearing. Please complete the information required on these forms and return them by January 8, 1993. This will enable use to expediently resolve this outstanding issue in a timely manner and address the wishes of Thomas J. Peck and Sons, Inc. to remove themselves from further reclamation responsibility for this site.

Please contact me, or Mr. Holland Shepherd of my staff if you have questions concerning this letter, or would like to schedule a meeting to discuss these matters further. Thank you for your cooperation in this regard.

Sincerely,



D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Enclosures
cc: Lowell Braxton, DOGM
M023011

BCC - Thomas J. Peck + Sons

For Division Use:
File No.: M/623/011
Effective Date:
DOGM Lead: H. Shepherd

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

RECEIVED

OCT 21 1992

TRANSFER OF NOTICE OF INTENTION
LARGE MINING OPERATIONS

DIVISION OF
OIL GAS & MINING

---ooOoo---

1. (a) Notice of intention to be transferred (file number): M/023/011
(b) Name of mining operation: Nephi Gypsum Mine
(c) Location of mining operation (county): Juab County
(d) Name, telephone number and mailing address of the operator currently holding the notice of intention (transferor):
Thomas J. Peck and Sons, Inc.
415 S. 600 E.
Lehi ~~UT~~, UT 84043
2. (a) Name, telephone number and mailing address of the operator acquiring the notice of intention (transferee):
Robert Steele 1075 N. 400 E. Nephi 623-1877
JACK DANCIC 328 S. 200 West Nephi 623-2447
(b) Name, telephone number and address of the authorized representatives of the Transferee to whom any notices under the provisions of the Utah Mined Land Reclamation Act may be sent:
Anthony Thomas Peck 76 S. 600 E Lehi, Utah
768-3823
3. (a) The total disturbed area identified in the approved notice of intention: 13

- (b) The actual number of acres disturbed by the operation through date of transfer: 13
 - (c) Attach a legal description of above acreages as Appendix "A" and a map of suitable scale with actual disturbed areas clearly shown and identified.
4. This application must be accompanied by a fully executed and signed Reclamation Contract (Form MR-RC).

*

STATE OF Utah)
COUNTY OF Utah) ss.

SWORN STATEMENT OF TRANSFEROR

I, Tom Peck being first duly sworn under oath, depose and say that I am U. Pres. (officer or agent) of Thomas J. Peck & Sons, Inc. (Corporation/Company Name); and that I am duly authorized to execute and deliver the foregoing obligations; that I have read the said application and fully know the contents thereof; that all statements contained in the transfer application are true and correct to the best of my knowledge and belief. By execution of this statement I certify that the Transferor is in full compliance with the Utah Mined Land Reclamation Act, the Rules and Regulations promulgated thereunder, and the terms and conditions of Notice of Intention No. _____.

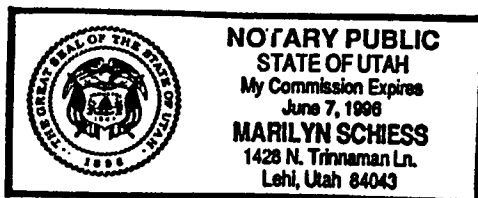
Tom Peck
Signature
Tom Peck
Name (Typed or Print)
U. Pres.
Title

Subscribed and sworn before me this 20 day of Oct, 1992.

Marilyn Schiess
Notary Public
Residing at: Rehi Ut.

My commission Expires:

6-7-, 1996



STATE OF _____)
) ss.
COUNTY OF _____)

FINAL SWORN STATEMENT OF TRANSFEREE

_____ being first duly sworn under oath, depose and say that I
am _____ (officer or agent) of _____
(Corporation/Company Name); and that I am duly authorized to execute and deliver
the foregoing obligations; that I have read the application and fully understand the
contents thereof; that all statements contained in the transfer application are true and
correct to the best of my knowledge and belief. By execution of this statement, the
Transferee agrees to be bound by the terms and conditions of Notice of Intention
No. _____, the Utah Mined Land Reclamation Act, and the Rules and Regulations
promulgated thereunder.

Signature

Name (Typed or Print)

Title

Subscribed and sworn before me this ____ day of _____, 19____.

Notary Public

Residing at: _____

My commission Expires:

_____, 19____.

CERTIFICATION OF APPROVAL

This is to certify that I have examined the foregoing application and do hereby grant the same, subject to the following limitations and conditions:

- (a) This transfer of notice of intention grants only the right to affect the lands described in Appendix "A".
- (b) The transferee has provided to the Division a fully executed and signed Reclamation Contract (Form MR-RC). The surety shall be effective on the date of transfer.
- (c) The transferee, or such other person as required by UCA 1953, Title 40-8, has acquired legal right to mine for lands described in Appendix "A".

COMMENTS:

APPROVED: _____
Dianne R. Nielson, Director
Division of Oil, Gas and Mining

Effective Date: _____
NOI No.: _____

MR-TRL

File Number M/023/C11
Effective Date _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

RECLAMATION CONTRACT
---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)
(Mineral Mined)

M/023/C11
Gypsum

"MINE LOCATION":

(Name of Mine)
(Description)

Nephi Gypsum Mine
located approximately
2 miles east of the town
of Nephi on Hwy 132

"DISTURBED AREA":

(Disturbed Acres)
(Legal Description)

13
(refer to Attachment "A")

"OPERATOR":

(Company or Name)
(Address)

*

(Phone)

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone)

"OPERATOR'S OFFICER(S)":

"SURETY":

(Form of Surety - Exhibit B)

"SURETY COMPANY":

(Name, Policy or Acct. No.)

"SURETY AMOUNT":

(Escalated Dollars)

"ESCALATION YEAR":

"STATE":

"DIVISION":

"BOARD":

EXHIBITS:

A "DISTURBED AREA":

B "SURETY":

* _____

* _____

Letter of Credit

First Security Bank
No. 6

\$17,900

1997

State of Utah

Division of Oil, Gas and Mining

Board of Oil, Gas and Mining

Revision Dates:

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between _____ the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/623/011 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Exhibit B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division

makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.

14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

Authorized Officer (Typed or Printed)

Authorized Officer's Signature

Date

SO AGREED this _____ day of _____, 19____.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY _____
James W. Carter, Chairman
Utah State Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

By _____
Dianne R. Nielson, Director

Date

STATE OF _____)
_____) ss:
COUNTY OF _____)

On the _____ day of _____, 19 _____, personally
appeared before me, who being duly sworn did say that he/she, the said
_____ is the Director of the Division of
Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she
duly acknowledge to me that he/she executed the foregoing document by authority
of law on behalf of the State of Utah.

Notary Public
Residing at: _____

My Commission Expires:

OPERATOR:

* _____
Operator Name

By * _____
Corporate Officer - Position

* _____
Date

* _____
Signature

* STATE OF _____)
_____) ss:
COUNTY OF _____)

On the _____ day of _____, 19 _____, personally
appeared before me _____ who
being by me duly sworn did say that he/she, the said _____
is the _____ of _____
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
_____ duly acknowledged to me that said
company executed the same.

Notary Public
Residing at: _____

✓ _____
My Commission Expires:

SURETY:

Surety Company

By _____
Company Officer - Position

Date

Signature

STATE OF _____)
COUNTY OF _____) ss:

On the _____ day of _____, 19____, personally
appeared before me _____ who
being by me duly sworn did say that he/she, the said _____
is the _____ of _____
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
_____ duly acknowledged to me that said
company executed the same.

Notary Public

Residing at: _____

My Commission Expires:

NOTE: An affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Contract.

ATTACHMENT "A"

* _____
Operator

M/C23/611
Permit Number

Nephi Gypsum Mine
Mine Name

Tweed County, Utah

The legal description of lands to be disturbed is:

**First
Security
Bank.**

M/023/

RECEIVED

MAY 13 1992

DIVISION OF
OIL GAS & MINING

IRREVOCABLE STANDBY LETTER OF CREDIT NO. 1

ISSUED IN Salt Lake City, Utah on 11 MAY 1992

APPLICANT:

Anthony Thomas Peck
76 South 600 East
Lehi, Utah 84043

BENEFICIARY:

Utah Division of Oil, Gas and Mining
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

AMOUNT: USD ***17,900.00
SEVENTEEN THOUSAND NINE HUNDRED
AND 00/100 UNITED STATES DOLLARS

DATE AND PLACE OF EXPIRY:
08 MAY 1993
Our Counters

Gentlemen and Ladies:

1. First Security Bank of Utah, N.A., Salt Lake City, Utah, hereby establishes this irrevocable letter of credit (the "Letter of Credit") in favor of the Utah Division of Oil, Gas and Mining ("Division") for an aggregate amount not to exceed \$17,900.00 (SEVENTEEN THOUSAND NINE HUNDRED AND NO/100) in United States dollars ("Face Amount") effective immediately.
2. This Letter of Credit will expire upon the earlier of (a) 5:00 p.m. (Salt Lake City time) on May 8, 1993 and (b) the date upon which documents are executed pursuant to which the Division releases Anthony Thomas Peck ("Operator") from liability for the reclamation of the Nephi Gypsum Quarry, Permit No. M/023/011.
3. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless First Security Bank of Utah, N.A. gives notice to the Division at least 90 days prior to the expiration date that we elect not to renew the Letter of Credit.
4. Funds drawn under the Letter of Credit are available against the Division's sight draft in the form of Exhibit A, specifying Letter of Credit No. 1, delivered to the counters of the International Department of First Security Bank of Utah, N.A. at 15 East 100 South, Salt Lake City, Utah 84111. At the Division's sole election the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.
5. If First Security Bank of Utah, N.A. receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4

**First
Security
Bank.**

L/C #: (
PAGE 2

above on or before the expiration or termination of this Letter of Credit, we will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following our receipt of the sight draft and certificate and in such a manner as the Division may specify.

6. First Security Bank of Utah, N.A. will give prompt notice to the operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the bank, or alleging any violations of regulatory requirements which could result in suspension or revocation of the bank's charter or license to do business.

7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1983 revision, International Chamber of Commerce Publication No. 400, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

8. All communications regarding this Letter of Credit will be addressed to the First Security Bank of Utah, N.A., International Department, 15 East 100 South, Salt Lake City, Utah 84111, referencing Letter of Credit No. _____



AUTHORIZED SIGNATURE(S)